

Approval to waive Contract Procedure Rules 8.1 and 8.2 for the provision of RouteSmart software support, maintenance and hosting service.

Date: 3rd July 2023

Report of: Assistant Product Manager

Report to: Chief Digital Information Officer

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

RouteSmart is the route planning software used by waste management and is therefore essential for the delivery of new waste collections around the city. The planned routes are then integrated with the Collective application so they can be displayed on in cab technology for waste collection crews. There is a plan in waste management to overhaul the routes with efficiency and cost saving in mind and therefore it is essential they have continuation of service.

This waiver, is to request approval to award a new contract for 1 year to Integrated Skills Ltd (ISL), using the terms and conditions of the current contract, while Product Management complete a rationalisation piece of work around all software used by Waste Management.

Contracts Procedure Rule 27 requires that a decision to waive the Contracts Procedure Rules is made by the relevant Director through the delegated decision process. The purpose of this report is to brief the decision maker on the waiver that has been recommended so that they may be satisfied it represents value for money or is in the Council's best interests.

Recommendations

The Chief Digital Information Officer is recommended to:

- a) Approve a waiver of Contracts Procedure Rules (CPR) 8.1 and 8.2 (between £25k and £100k – intermediate value procurement) to directly award a contract to Integrated Skills Limited (ISL) in the sum of £41,598. The contract shall commence on 1st July 2023 and expire on 30th June 2024 for the provision of the RouteSmart and associated ESRI Arc GIS platform software support.

What is this report about?

- 1 The purpose of this report is to seek approval to waive CPR 8.1 and 8.2 to award a contract to ISL without competition for the provision of the RouteSmart and associated ESRI Arc GIS platform software support. The terms and conditions of the current contract will be used.

This report outlines the current position with regard to the expiry of the refuse route design/modelling software which is currently utilised.

Background

RouteSmart is the route planning software used by the Council's waste management team and is therefore essential for the delivery of waste collections around the city. The planned routes are then integrated with the Collective application so they can be displayed on in cab technology for waste collection crews.

Product Management are looking at a rationalisation piece of work around all software used by Waste Management. The extended year will provide an opportunity to look at market options for an all-in-one waste management route planning and collection solution and implement an all-in-one waste management system. It will also provide understanding of opportunities for consolidation with existing waste management solutions. This will lead to reduced contract costs as there are continual renewals with existing multiple providers. It supports the Financial Challenge and has a strategic direction to enable change. This piece of work is seen as a priority as there could be reputational damage and could lead to critical service failure.

There is insufficient time to undertake a new procurement exercise prior to the current contract end date to implement a new Waste Management solution. Not awarding could lead to a lack of support for the existing system in the interim which leaves the service vulnerable. In addition, any change of provider would require staff training, data cleansing and transfer as well as testing before any go-live date. During this critical period of the service review, this would place significant resource pressure on the service.

ISL are a Leeds based company and are regarded as one of the leading companies in this field of work.

Currently there is no internal service provider or third-party frameworks capable of undertaking the required works or services without overhauling the current infrastructure which will be queried during the Waste Services Solutions review project.

Once approval to award has been obtained, a new contract will be entered into using the Council's standard tender documentation and will be registered on YORtender. The terms and conditions from the current contract will be used.

What impact will this proposal have?

- 2 ISL's RouteSmart tool allows the service to effectively and efficiently re-model its 500+ collection days, therefore obtaining value for money by efficient use of resources to achieve the maximum intended outcomes. The use of this tool dramatically reduces time and errors compared to historic manual methods of designing collection routes.
- 3 During the course of the contract term, the Service will complete a review of its requirements with a view to carrying out a procurement exercise to source a replacement solution, prior to the end of the contract term. Not reviewing options would result in continual renewals with existing multiple providers and exposes us to risk of challenge proposed via Access and also would not contribute to the apps rationalisation work.
- 4 Consequences of the extension not being approved would mean that Waste Management would be left without a crucial piece of routing software during an intensive service review period. Without efficient routing, the service would suffer from inefficiency in terms of vehicles, staff time and CO² emissions.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

5 Sustainable infrastructure

Tackling climate change risks, improving air quality and improving the city's transport and digital infrastructure. The award of this contract and the procurement of a longer-term solution in the future supports the delivery of sustainable infrastructure under the Best Council Plan with the specific aim of reducing waste and increasing recycling. Effective routing of vehicles helps contribute towards the priority requirement to improve air quality and reducing pollution/noise.

Climate Emergency

This report relates to support and maintenance of a software system, its impact on Climate Change initiatives is mainly through the support it gives those services using it. The use of RouteSmart software enables the service to effectively route refuse collection rounds and will reduce CO² emissions and contribute to the Council's Climate Emergency whilst reducing the Council's carbon footprint.

This contract will contribute to the delivery of the Council policies and priorities including working with communities - Best City for Communities and spending money wisely.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

6 Key stakeholders in Environmental Services as well as members of the Council's Integrated Digital Services (IDS) have been consulted and support the decision to award a new contract to ISL.

Engagement with Environmental Services to introduce the project to consolidate Waste Management solutions including that RouteSmart contract will be extended to allow for this.

This extension was approved by the IDS Procurement Board and the work to consolidate Waste Management solutions was approved as a project by the IDS Digital Board.

What are the resource implications?

7 RouteSmart software is currently in use within the Council's Environmental Services and is fully embedded in the Council's IT infrastructure and business processes. There are no staffing resource implications related to awarding the contract for ISL's RouteSmart system. However, if the proposed approach is not approved any potential change in supplier would have implications in terms of time of the service review and also training staff to use any new system.

8 The decision to extend can be shown to have no impact on service users or the wider population of Leeds.

9 In terms of financial resources, the increase in cost quoted by ISL was queried. ISL confirmed they have experienced suppliers automatically increasing their costs by CPI or higher and as an SME, they are required to increase their costs although are absorbing as much of this increase as they can. The increase represents a 6.8% increase, whereas most of ISL's costs have increased at least by CPI at 10.4% or higher.

What are the key risks and how are they being managed?

- 10 Any risks which are highlighted during the term of the new contract will be managed and mitigated through regular Account Management/Supplier Review Meetings.
- 11 Consequences if the proposed action is not approved means Waste Management would be left without a crucial piece of routing software during an intensive service review period. Without efficient routing, the service would suffer from inefficiency in terms of vehicles, staff time and CO² emissions.

What are the legal implications?

- 12 In accordance with CPR 27.2, this is a Significant Operational Decision which is not subject to call-in. There are no grounds for keeping the contents of the report confidential under the Access to Information Rules, but will be published on the register of decisions by the Council
- 13 The Council believes that the decision to award a new contract for provision of RouteSmart software is permitted pursuant with CPR 8.1 and 8.2 and as the value of the direct award detailed within this report is below the threshold for the application of the Public Contracts Regulations 2015 therefore it is not subject to the full procurement rules. However, CPR 8.1 and 8.2 require competition for procurements valued between £25K and £100K and the invitation of at least three written tenders. A waiver of these CPRs using the authority set out in CPR 27.1 is required to award a contract direct to this provider.
- 14 Entering into a direct commercial agreement with the current provider in this way could leave the Council open to a potential claim from other suppliers to whom this contract could be of interest that it has not been wholly transparent. In terms of transparency, it should be noted that case law suggests that the Council should always consider whether contracts of this value could be of interest to other suppliers and, if it could, the opportunity should be subjected to a degree of advertising. It is up to the Council to decide what degree of advertising is appropriate. Consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices, etc.) and the geographical location of the place of performance.
- 15 The decision maker has considered the above risk and is of the view that the contract would not be of interest to other suppliers. While there is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity, this is identified as medium to low. The complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration; however, such investigations are by their nature more subjective than legal proceedings. The complainant would first though have to establish maladministration had occurred and satisfy the ombudsman that this was the case.
- 16 The Chief Digital Information Officer should note the contents of this report when making their final decision, should be satisfied that the course of action chosen represents Best Value for the Council.

Options, timescales and measuring success

What other options were considered?

- 17 This requirement has not been advertised. It is considered that due to Waste Management Services being mid-way through their service re-modelling project, there is insufficient time to undertake a new procurement exercise to put in place the required software, support and maintenance contract. To do so may require a new system to be embedded into the Council's systems and could lead to a lack of support for the existing system in the interim which leaves the service vulnerable. In addition, any change of provider would require staff training, data cleansing and transfer as well as testing before any go-live date. During this critical period of the service review this would place significant resource pressure on the service.

As the RouteSmart software is already embedded into the Council's digital systems there is a requirement to continue the current support arrangements with ISL until the service review is complete and a new procurement exercise undertaken.

How will success be measured?

18 Success of this contract will be measured using the current contract and Account Management meetings.

What is the timetable and who will be responsible for implementation?

19 The current contract will expire 30th June 2023 with no option to extend. This report is for approval to extend this contract until 30th June 2024 to allow for the project to look at a rationalisation of all software used by Waste Management. Product Management are required to confirm the extension with ISL by 30th June 2023.

20 IDS Product Management are responsible for this review and the implementation and management of this contract.

Appendices

- **What is your reason for waiving CPRs?**

There is a genuine, unforeseeable emergency meaning there is no time to go through a procurement process e.g., to deal with the consequences of extreme weather.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
To purchase supplies or services on particularly advantageous terms due to liquidation/administration.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Requirement to put a contract in place with a current provider whilst a review of the services is completed.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Ran out of time to undertake a new procurement exercise	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Other (please provide summary here)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Background papers

- None